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Market Development Reports

South China, Vibrant Gateway for China's Imported Fruit 2007

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Report Highlights:

China's vast market for domestic and foreign fruit growers rests on a population of 1.3 billion and a strong economy. In CY 2006, imported fruit was valued US\$ 510 million, and U.S. exports to China - mostly grapes, oranges and apples - accounted for US\$ 69 million or 14 percent. South China plays a special role with its robust economy. It is where the most imported fruit is consumed because consumers from the south value good quality and can afford it. Its array of wholesale markets, chief among them, the Jiangnan Produce Wholesale Market in Guangzhou, serves as vibrant gateway for practically all of China's fruit that enter - by official as well as unofficial means.

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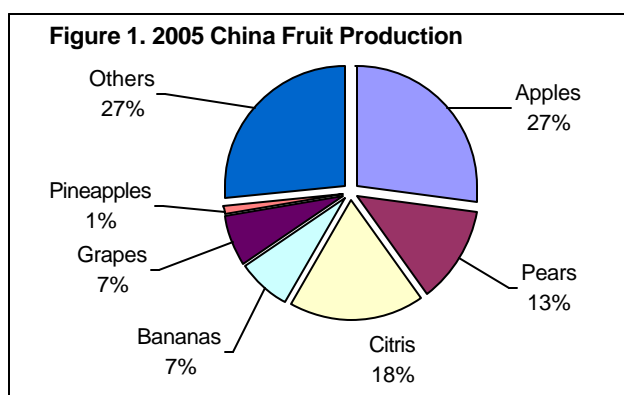
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China's vast market for both domestic and foreign fruit growers rests on a population of 1.3 billion and a strong economy. In CY 2006¹, the value of imported fruit was US\$ 510 million, and U.S. exports² to China – mostly grapes, oranges and apples - accounted for US\$ 69 million or about 14 percent. South China plays a special role. Its unprecedented rise of disposable income sparks demand for high quality fruit. Its array of wholesale markets, chief among them, the *Jiangnan Produce Wholesale Market* in Guangzhou, serves as vibrant gateway for practically all of China's fruit that enter via both official and unofficial means.

I. China grows a lot of fruit

Fruit production in 2005³ increased 5 percent from the previous year and reached 88 million tons (*Figure 1*), primarily apples (27 percent - mostly Fuji's), followed by citrus (10 percent – mostly oranges, mandarins and pomelos), pears (7 percent - only Oriental type species, including Dangshan Su Pear and Ya pears, which are crunchy and juicy), bananas (4 percent) and grapes (4 percent – mostly Jufeng grapes, but Red Globes and seedless varieties are getting popular), not to mention peaches, kiwis, litchis, coconuts, mangos and other sub-tropical fruits. Main growing provinces include:

- ❑ Apples: Shandong, Shanxi, Henan and Hebei;
- ❑ Citrus: Fujian, Hunan, Sichuan, Guangdong, Guangxi and Jiangxi;
- ❑ Pears: Hebei and Shandong;
- ❑ Bananas: Guangdong, Guangxi, Hainan and Fujian;
- ❑ Grapes: Xinjiang, Shandong, Hebei, Liaoning and Yunnan;
- ❑ Cherries: mostly in Shandong and Liaoning



For many years, China's production could not match the quality of imported counterparts due to post harvest handling, storage, packing and transportation issues. However, in recent years, quality has markedly improved, especially for Chinese apples, citrus and table grapes. Coupled with cheaper prices, this makes Chinese fruits attractive to most consumers as well as fierce competitor of imported fruit. Chinese growers are a force to reckon with as they market aggressively.

II. Imported fruits have a niche

Nevertheless, imported fruit will still be the first choice for consumers who prefer supreme quality, appearance and taste. In addition, some prefer imported fruit for gift giving, due to its cache.

¹ Data source: total value of China's fresh fruit import derived from China Customs' import data

² Data source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

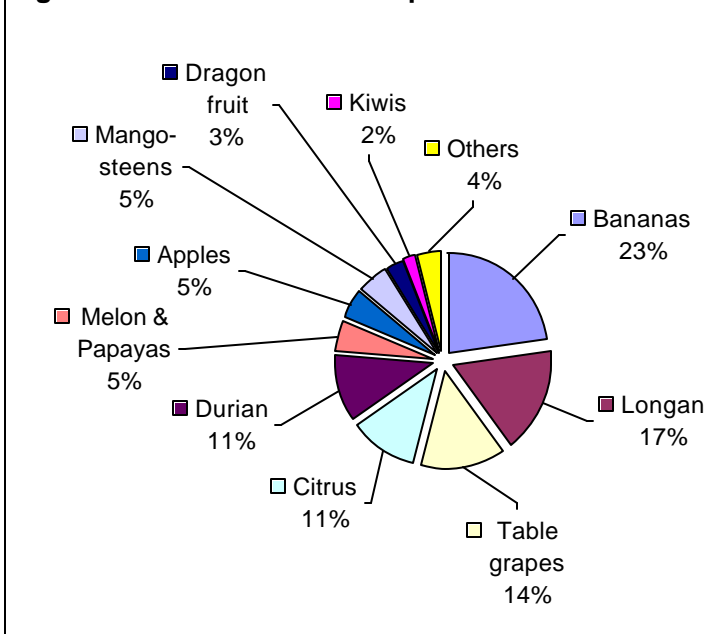
³ Data source: *China Agriculture Yearbook 2006*. 2005 is the most recent year with full year data.

Demand for high quality fruit in China's wealthier regions, especially in south China, has brought about a steady increase of imported fruit in recent years. In CY 2006¹, China imported US\$ 510 million of fresh fruit (*Figure 2*), including:

- ❑ bananas (23%)
- ❑ longan (17%)
- ❑ table grapes (14%)
- ❑ citrus (11%)
- ❑ durian (11%)
- ❑ melons and papayas (5%)
- ❑ apples (5%)
- ❑ mangosteens (5%)
- ❑ dragon fruit (3%)
- ❑ and kiwis (2%).

Imported plums, peaches, cherries and other stone fruit have an extremely small niche mainly in affluent regions. Together, they share less than one percent of total imported value. Among the countries exporting fruit to China, Thailand has the largest portion (mostly durian, mangos and mangosteens), contributing 23 percent to China's import value, followed by:

Figure 2. 2006 China Fruit Import



- ❑ the Philippines (15% - mostly bananas)
- ❑ the United States (14% - mostly table grapes, oranges, apples, plums and cherries)
- ❑ Vietnam (12% - mostly longan, water melons and dragon fruit)
- ❑ Chile (7% - mostly table grapes, apples and cherries)
- ❑ New Zealand (3% - mostly kiwis, Gala apples and pears) and
- ❑ other countries. (*Refer to Appendix 1 and Appendix 2 for more details.*)

III. U.S. fruits have opportunities, but face challenges

As one of the largest suppliers to China, the United States exported fresh fruit worth US\$ 69 million to mainland China in CY 2006², including:

- ❑ grapes (51 percent of total U.S. exports of fruits to China – mostly Red Globes, Thompson Seedless and Crimson)
- ❑ oranges (28% - mostly Valencia and Navels)
- ❑ apples (13% - mostly Red Delicious, Granny Smiths and Galas)
- ❑ plums (mostly Angeleno and Fortune)
- ❑ lemons (Eureka, Lisbon and other varieties)
- ❑ cherries (mostly Bings, Lapin and Sweet Hearts)

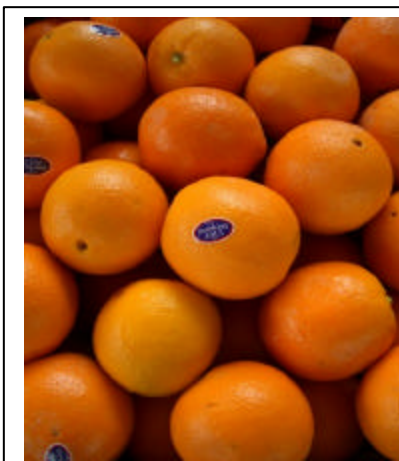
Plums, lemons and cherries accounted for less than a 1-3 percent share. (*Refer to Appendix 3*).

¹ Data source: total value of fresh fruit import derived from China Customs' import data

² Data source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

This year, China has reopened the market to California cherries grown in five counties, i.e., Fresno, Kern, Kings, San Joaquin and Tulare. Granny Smith and Gala apples as well as fresh blueberries from the United States are not officially allowed to enter. However, they are available via gray channels.

U.S. fruits enjoy a leading share in China's import fruit market. Take CY 2006¹ for example. U.S. grapes accounted for 43 percent of grape imports, second largest portion after Chile or a 53 percent share; U.S. apples held a 37 percent share of apple imports, second after Chile at 47 percent. Moreover, the United States was the largest exporter of oranges (76 percent) to China, plums (81 percent) and cherries (86 percent). Many consumers in south China pay premium prices, having enjoyed the high quality and reputation of Washington apples, California table grapes and Sunkist oranges for more than twenty years.



Many South China consumers are willing to pay premium prices because of high reputation and quality of Sunkist oranges, California table grapes and Washington apples.

Thus, for U.S. fruit, competition comes from Chinese domestic fruit and/or imported fruit from other countries. Both China and the United States are in the northern hemisphere. Therefore both countries share similar seasons with fruit entering the market concurrently. This makes selling higher priced U.S. fruit more difficult in this price-sensitive market.

Take table grapes as an example. During the Chinese mid-autumn festival (also called "moon festival" and normally falls in September) when high value fruits are popular for gift giving, Chinese grown table grapes enter the market at more competitive prices, thus, limiting the price of California table grapes. Another example is the Chinese Spring Festival (also called the Chinese Lunar New Year), the busiest retail season of the year (normally falls in the second half of January or first half of February). During this time, fruit from countries in the southern hemisphere entering China can easily be sold at favorable prices because of lack of

availability of similar types of fruit from countries in the northern hemisphere, including the United States. (*Appendix 4 illustrates the seasonal availability fruits in the south China market.*)

For U.S. oranges, competition in China is also price related but not for southern hemisphere counterparts. U.S. oranges are available in China from late November through the following June, while Chinese oranges come to the market in November and will last until the following April. During most of the season, U.S. fruit has to compete with the lower-priced Chinese oranges. However, U.S. oranges do not encounter much competition from southern hemisphere oranges since they don't share harvest seasons.

U.S. apples, available all year round in the China market, face competition from both the Chinese apples and those from the southern hemisphere. Chinese apples, also available in the market year round, are sold at less than half of those for U.S. apples. From March to September, U.S. apples also have to face challenges from apples imported from Chile and New Zealand that are priced at similar U.S. levels.

U.S. fruit cooperators have representatives in China for the *California Cherry Advisory Board*, *California Table Grape Commission*, *California Tree Fruit Agreement*, *U.S. Northwest Cherry*

¹ Data source: China Customs

Growers, Sunkist Growers and Washington Apple Commission (Refer to contact information of cooperator representative offices in China available at the end of this report). They organize market promotion activities that include in-store promotions, menu promotions, media events and ad campaigns.

The best time to promote U.S. fruits in supermarkets when most fruits (table grapes, apples, cherries and plums) are in season runs between late August through early September which falls just before the moon festival. November to January or even February is also a prime period to promote U.S. fruits when most Chinese fruit supply seasons have finished, and few fruit from Australia and Chile are available in the market. Moreover, as previously mentioned, the Chinese Spring Festival, the busiest retail season in a year, normally falls on the second half of January or early February.

Chinese consumers consider color, taste, flavor and size when they buy fruit. Preference varies by region. For example:

- ❑ Red Delicious apples and Red Globe table grapes are popular gifts during festival seasons because red implies good luck and fortune in Chinese culture;
- ❑ Consumers in south China prefer sweet taste and fragrance over tart so table grapes, apples, cherries are more popular than limes or grapefruit;
- ❑ Most grapefruit goes to east China, especially Shanghai and Beijing, where consumers tend to enjoy the tart taste;
- ❑ Southern Chinese prefer medium sized Sunkist oranges while northerners prefer larger-sized ones;
- ❑ In developed city markets, e.g., Guangzhou or Shenzhen, with greater exposure to imports, cherries with dark red skin are more popular than lighter fresh red skinned ones, because consumers believe that darker-skinned cherries are sweeter and stronger flavored. On the other hand, northern cities or secondary cities with less familiarity with imported cherries prefer fresh red cherries.



Jiangnan Produce Wholesale Market in Guangzhou is the largest distribution hub in China for imported fruit and offers the most variety from all channels, both official and gray.

The success of U.S. fruit in this market is restricted by consumers' not being able to tell the difference between U.S. fruits and other fruits – both domestic and imported. Traders know when U.S. fruits are in season, but consumers generally don't. Educating them via in-store promotions and the media is an effective way to better differentiate high quality U.S. fruit. However, imported fruits resemble domestic fruits, e.g., California Red Globe vs. Chinese Red Globes which makes it easy for Chinese grapes to assume an American identity through counterfeit labeling. The same is said of California plums. However the distinct appearance of, say, Washington Red Delicious apples or big, deep red U.S. cherry varieties give these fruits instant recognition.

U.S. fruit companies are therefore strongly encouraged to take steps to protect their logos or brand names, because counterfeiting and infringement of intellectual property rights (IPR) is rampant in China. Exporters can contact FAS' IPR office in Beijing for information (Refer to **Post Contact Information** at the end of this report). (For more information of IPR protection in China,

please refer to GAIN 7023, 7027, 7028, and 7030, respectively dated on March 22, April 10, April 9, and April 24, 2007)

IV. Import & Distribution

Southern China, especially Guangdong province, has been home to serious consumers of imported fruit for many years as well as China's gateway for imported fruits. Most imports utilize a limited number of ports, e.g., Guangzhou (the river ports of Lanshi, Huadu or Huangpu or the deep-water seaport of Nansha), Shenzhen (seaports of Yantian and Shekou), but rapid development of ports in the north (Tianjin and Qingdao), east (Shanghai), northeast (Dalian) and south (Xiamen) have witnessed increasing traffic of imported fruit there. However, import volumes via these ports are still much lower than that via Guangzhou. (Refer to Appendix 5 for respective import values at various ports and Appendix 6 for the flow of U.S. fruit imports into China. Also refer to GAIN Report Number CH7609 "Bustling Ports in South China", dated May 15, 2007)

As the largest port of imported fruit, Guangzhou (which is referred to as one entity but in fact consists of many ports) serves as distribution hub to allow such fruit to enter the rest of China. Normally most U.S. fruit takes two weeks to arrive in Hong Kong, one day to reach Guangzhou ports by barge, transported by truck on the same day to Jiangnan Market, gets sold, then trucked to the rest of the country. In CY 2006¹, Guangzhou handled 86 percent of China's grape import in terms of value, 49 percent of orange imports, 33 percent of apple imports, and 71 percent of cherries and plums.



Trading imported fruit in Jiangnan Market

There are a number of well-equipped large wholesale fruit markets (for both domestic and imported fruit) in Guangzhou and the surrounding cities, including *Jiangnan Produce Wholesale Market* in Guangzhou, *Jintao Wholesale Market* in Zhongshan, *Peace Ag Products Wholesale Market* in Zhuhai, *Senox International Agricultural Center* in Dongguan, and *Buji Agricultural Market* in Shenzhen. Among them, *Jiangnan Market*, with an area of 4.3 million square feet, is the largest produce wholesale market in China and functions as a trading and distribution hub of most of China's imported fruit to different parts of the country while the other wholesale markets only serve local areas. According to the statistics issued by *Jiangnan Market*, it handled 5 million tons of fruit and vegetables (both domestic and imported) valued US \$2 billion in CY 2006.



U.S. apples for sale at Jiangnan Market

A few years ago, the *Lishui* market near the port of Lanshi used to be China's biggest wholesale fruit market for domestic and imported fruit. However, *Jiangnan Market* became the dominant wholesale market helped by strong support by the Guangzhou municipal government. There are other wholesale markets in the surrounding area that intend to grab a lucrative share of the *Jiangnan Market* for imported

¹ Source: import data from China customs.

fruits, but many traders believe there will be no serious contender within the next five years, not only because *Jiangnan Market* is so well-established with a logistics network that spans the country, but also because it offers an unparalleled range of varieties imported through both official and gray channels.

Historically, gray channel trading of fruit imports figures prominently whereby imported fruit enters the country via Hong Kong or Vietnam and bypasses customs and import inspection, to evade import duty and Value Added Tax (VAT, usually at a rate of 13 or 17 percent). The gray channel is illegal and discouraged. Fruit trade using the gray channel is highly risky, due to operator lack of concern with quality handling and anti-smuggling enforcement. Non-U.S. products being deliberately “mis-labeled” as U.S. products can also be found in wholesale and retail outlets. Lowered import tariffs by China, narrows the gap between legal and the gray channels costs so less fruit enters south China through the back door.

Despite continuous robust growth of the imported fruit business in China, the development of its distribution system, especially the cold chain system, has not yet kept pace with growth. Most cold storage facilities in China are small and in poor condition. Along the supply chain from importers to wholesalers and retailers, it is common to see perishable high-priced fruit placed outside of temperature-controlled areas due to lack of awareness or lack of cold storage. The limits in the cold chain system have resulted in significant loss to both domestic and imported produce. Consequently, it can affect the quality of imported U.S. fruit before it is delivered to the consumer. China is a geographically large country. In the long term, the shortage of cold storage facilities and management expertise in smaller cities restricts further expansion of U.S. fruit to the markets outside of principal cities, i.e., Guangzhou, Shenzhen, Shanghai and Beijing.



Cold chain development has not kept pace with the rapid growth of the imported fruit business.

V. Price Sensitivity

Fresh fruit is price-sensitive food for most Chinese consumers. Prices for domestic fruit are cheaper compared to imported counterparts, though the quality of domestic fruit is not necessarily lower. Retail prices for imported fruit can be as twice the price of domestic fruit. *(Refer to Appendix 7, which lists the average wholesale price of some types of fruit during the first half of 2005, while Appendix 8 compares the prices of imported fruit with the first class Chinese varieties.)*

An example of the price impact is Taiwan fruit entry into China. Since August 2005, import tariff rates on fifteen types of fruit from Taiwan, including pineapple, papaya, peach, coconut and star fruit, have been eliminated from previous rates otherwise ranging from 10 to 25 percent. However, the market share for the duty-free fruit imported from Taiwan has not yet been significantly increased, as the prices for Taiwan fruit are still at least three times more expensive than locally produced counterparts.

Prices of imported fruit in China fluctuate widely which creates opportunity for lucrative profit as well as huge losses. For example, early in the season, the CIF price for a 5 kg case of cherries can be up to US\$78 (RMB 600); wholesale price first tier wholesalers about US\$ 131 (RMB 1,000); and retail price up to US\$ 209 – 235 (RMB 1,600 – 1,800). In the middle of the cherry

season, the CIF price will drop down to US\$ 46 (RMB 350); wholesale price to US\$ 59 (RMB 450); and retail price at US\$ 78 – 92 (RMB 600 – 700). In general, there is a gross markup of 15 – 30 percent on the price from importer to wholesaler and to retailers. Retailers mark at least 50 percent above wholesale price when the fruit is sold to consumers. Therefore, the retail price of imported fruit can be as much as twice the CIF price.

VI. Import Tariffs

Tariff rates on imported fruits vary widely, ranging from zero to 100 percent, depending on the fruit and the country of origin. U.S. fruit receives the Most Favorable Nation (MFN) status, with tariff rates ranging from 10 - 30 percent. Fruit from countries of the Association of Southeast Asian Nations (ASEAN) and Chile enjoy much lower tariff rates than U.S. products. Fruits from ASEAN countries, including Thailand, Vietnam and the Philippines, enjoy zero tariffs, and, therefore, are more price competitive in the market. As a result of the China–Chile Free Trade Agreement (FTA) effective on October 2006, Chilean fruit are granted preferential tariff rates that are much lower than the MFN rates. Compared with the MFN tariff rates, rates on Chilean citrus, grapes and apples are 20 percent lower, and cherries, peaches and plums are 40 percent lower. In the continuous free-trade dialogue between China and Chile, Chile may be granted further favorable tariff treatment on fruit exported to China, including free duty for Chilean plums, cherries and peaches in five years, for apples and table grapes in 10 years. Such tariff treatment will further strengthen Chilean fruit's competitiveness in the price-sensitive China market. *(Appendix 9 details the tariff rates on some types of fresh fruit.)*

The calculation of import tariff is based on the tariff rate of a particular type of fruit and the price of the transaction. Customs officials in the port of entry compare the transaction price declared by importers or their agencies to the reference price that is regularly updated on the basis of the market price by the customs' valuation center. The reference price thus reflects the market price and prevails if the declared transaction price is lower than the reference one. For example, the declared price for a shipment of apples is only US\$ 0.2 / kg, obviously much lower than market prices. In this case, the import duty for this shipment will be calculated on the basis of the customs' reference price, instead of the declared price US\$ 0.2 / kg.

VII. Tips on Marketing U.S. Fruit

To succeed in the China market, visits are essential. Trips to China will not only help exporters understand differing markets in various parts of China, but also create opportunities to meet with potential and current Chinese traders to establish and maintain good relationships.

Tips when marketing U.S. fruit in China:

1. Target high income earners in coastal industrialized regions where high quality fruit is in great demand;
2. Select reliable Chinese partners, including importers, logistics providers, and retailers to work with;
3. Assist and educate Chinese partners on how to properly handle products;
4. Provide ideas for promotional activities relating to high quality, healthy benefits and food safety of U.S. fruits;
5. Understand consumers' preferences which can differ from region to region;
6. Take advantage of high fruit consumption during major holidays and festivals
7. Enhance the image of U.S. fruit to differentiate them from other fruit
8. Protect the IPR (Intellectual Property Rights) of U.S. fruit

Recent USDA / Foreign Agricultural Service "GAIN Reports" About Fruit in China

More information regarding fruit in China is in the following reports:

- ❑ Mar 16, 2007 CH7017 Stone Fruit Annual 2007
- ❑ Feb 16, 2007 CH7010 Strawberries Annual 2007
- ❑ Dec 5, 2006 CH6111 Citrus Annual 2006
- ❑ Nov 17, 2006 CH6417 Horticultural Product Market
- ❑ Sep 22, 2006 CH6078 Fresh Deciduous Fruit Annual 2006

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Appendix 1. China's Import of Edible Fruit and Nuts

(January – December, in million USD, by country)

Rank	Country	2004	2005	2006	% Share			% Change - 06/05 -
					2004	2005	2006	
0	--World--	619.3	656.3	737.4	100.0	100.0	100.0	12.4
1	Thailand	181.7	180.5	172.7	29.3	27.5	23.4	-4.3
2	Philippines	84.6	92.7	113.4	13.7	14.1	15.4	22.3
3	United States	99.4	108.8	112.5	16.1	16.6	15.3	3.4
4	Vietnam	32.0	57.9	92.1	5.2	8.8	12.5	59.0
5	Chile	55.5	61.5	54.7	9.0	9.4	7.4	-11.2
6	Russia	33.4	17.7	26.1	5.4	2.7	3.5	47.7
7	New Zealand	29.7	27.2	21.4	4.8	4.2	2.9	-21.3
8	Sweden	6.9	8.4	20.9	1.1	1.3	2.8	148.9
9	Korea, South	20.8	21.1	19.3	3.4	3.2	2.6	-8.6
10	Mongolia	6.9	0.5	12.7	1.1	0.1	1.7	2,455.0
11	Iran	15.2	13.9	10.4	2.5	2.1	1.4	-25.6
12	Korea, North	4.7	4.9	9.7	0.8	0.8	1.3	97.6
13	Indonesia	0.4	5.0	9.2	0.1	0.8	1.3	84.8
14	Australia	8.2	7.6	7.3	1.3	1.2	1.0	-3.8
15	Canada	3.3	6.7	7.2	0.5	1.0	1.0	7.0
16	Finland	1.3	4.6	7.1	0.2	0.7	1.0	55.6
17	Myanmar	1.5	4.8	6.5	0.2	0.7	0.9	36.9
18	Argentina	1.6	1.3	4.6	0.3	0.2	0.6	268.9
19	Taiwan	2.4	3.4	4.4	0.4	0.5	0.6	30.5
20	South Africa	3.0	7.8	3.5	0.5	1.2	0.5	-55.7

*Source of data: China Customs***Appendix 2. China's Import of Edible Fruit and Nuts from All Countries**

January – December (in million USD)

HS	Description	2004	2005	2006	% Share			% Change - 06 / 05 -
					2004	2005	2006	
08	Edible Fruit And Nuts	619.3	656.3	737.4	100.0	100.0	100.0	12.4
0810	Fresh fruit nesoi	140.8	153.4	180.9	22.7	23.4	24.5	17.9
0803	Bananas and plantains	93.4	100.0	116.2	15.1	15.2	15.8	16.1
0802	Nuts nesoi	106.0	87.8	103.6	17.1	13.4	14.1	17.9
0806	Grapes, fresh or dried	82.2	98.1	85.1	13.3	15.0	11.5	-13.3
0811	Frozen fruit & nuts	23.4	29.8	56.0	3.8	4.5	7.6	88.2
0805	Citrus	48.5	44.6	54.5	7.8	6.8	7.4	22.2
0813	Dried fruit nesoi	30.3	27.2	34.8	4.9	4.2	4.7	28.1
0804	Dates, figs, avocados etc.	39.4	46.0	33.8	6.4	7.0	4.6	-26.5
0807	Melons and papayas	9.9	20.3	27.7	1.6	3.1	3.8	36.6
0808	Apples, pears and quinces	29.6	25.5	25.3	4.8	3.9	3.4	-0.7
0801	Brazil nuts & cashew nuts etc.	7.0	12.0	14.1	1.1	1.8	1.9	17.2
0809	Cherries, peaches, plums etc.	7.7	10.8	3.9	1.2	1.6	0.5	-63.6
0812	Temporarily preserved fruit & nuts	0.8	0.6	1.0	0.1	0.1	0.1	63.6
0814	Peeled citrus or melon	0.1	0.2	0.5	0.0	0.0	0.1	150.1

Source of data: China Customs

Appendix 3. U.S. Fresh Fruit Export to Mainland China

UNITED STATES DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURAL SERVICE

BICO EXPORT COMMODITY AGGREGATIONS

VALUES IN 1000 DOLLARS

JANUARY - DECEMBER

Commodities	HS	2002	2003	2004	2005	2006	Share
FRESH FRUIT		24,280.0	33,335.0	42,666.0	79,044.0	69,235.0	100.0%
GRAPES	0806100000	6,488.0	6,175.0	21,269.0	46,622.0	35,394.0	51.1%
ORANGES	0805100040	11,874.0	16,045.0	13,525.0	15,678.0	19,570.0	28.3%
APPLES	0808100000	3,028.0	2,895.0	5,501.0	13,250.0	8,942.0	12.9%
PLUMS, PRUNE	0809400000	281.0	1,231.0	332.0	700.0	1,951.0	2.8%
LEMONS (plus dried)	0805502000	1,078.0	1,081.0	893.0	757.0	1,531.0	2.2%
CHERRIES	0809200000	0.0	0.0	0.0	0.0	540.0	0.8%
STRAWBERRIES	0810100000	356.0	5,036.0	0.0	0.0	424.0	0.6%
TEMPLES	0805100020	274.0	339.0	251.0	272.0	300.0	0.4%
GRAPEFRUIT	0805400000	501.0	223.0	551.0	636.0	196.0	0.3%
OTHER FRUITS	0810905500	0.0	0.0	0.0	0.0	128.0	0.2%
AVOCADOS (plus dried)	0804400000	0.0	0.0	0.0	25.0	74.0	0.1%
CITRS (plus dried)	0805900100	0.0	25.0	0.0	0.0	43.0	0.1%
CANTALOUPE	0807191500	0.0	0.0	0.0	0.0	40.0	0.1%
CRANBERRY	0810400050	8.0	16.0	0.0	0.0	34.0	0.0%
PEARS & QUINCE	0808200000	95.0	25.0	237.0	0.0	17.0	0.0%
WILD BLUEBERRIES	0810400024	0.0	0.0	21.0	609.0	17.0	0.0%
PEACHES, NECTARINES CULTIVATED	0809300000	31.0	56.0	63.0	81.0	17.0	0.0%
BLUEBERRIES	0810400028	0.0	0.0	23.0	0.0	10.0	0.0%
PAPAYAS	0807200000	0.0	0.0	0.0	3.0	3.0	0.0%
BERRIES	0810200000	0.0	0.0	0.0	0.0	3.0	0.0%
TANGERINES	0805200020	5.0	0.0	0.0	0.0	0.0	0.0%
MANDARINS	0805200040	0.0	15.0	0.0	45.0	0.0	0.0%
LIMES (plus dried)	0805505050	0.0	68.0	0.0	0.0	0.0	0.0%
CITRS (plus dried)	0805900002	186.0	0.0	0.0	0.0	0.0	0.0%
MELON	0807199000	7.0	0.0	0.0	0.0	0.0	0.0%
APRICOTS	0809100000	0.0	28.0	0.0	0.0	0.0	0.0%
SWEET CHERRIES	0809200020	69.0	78.0	0.0	366.0	0.0	0.0%

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Appendix 4. Seasonal Availability of Selected Fruit in the South China Market*

		<div> <div></div> <div></div> <div>Available</div> <div></div> <div>Not Available</div> </div>											
Fruit / Producing Countries		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Table Grapes	USA												
	Mexico												
	Chile												
	Australia												
	South Africa												
	China												
Orange	USA												
	South Africa												
	China												
Apples	USA												
	Chile												
	New Zealand												
	China												
Cherries	USA												
	Chile												
	Australia												
	China												
Plums	USA												
	Chile												
	China												

* Availability may vary from year to year.

Appendix 5. Importing Ports in China for Edible Fruit and Nuts

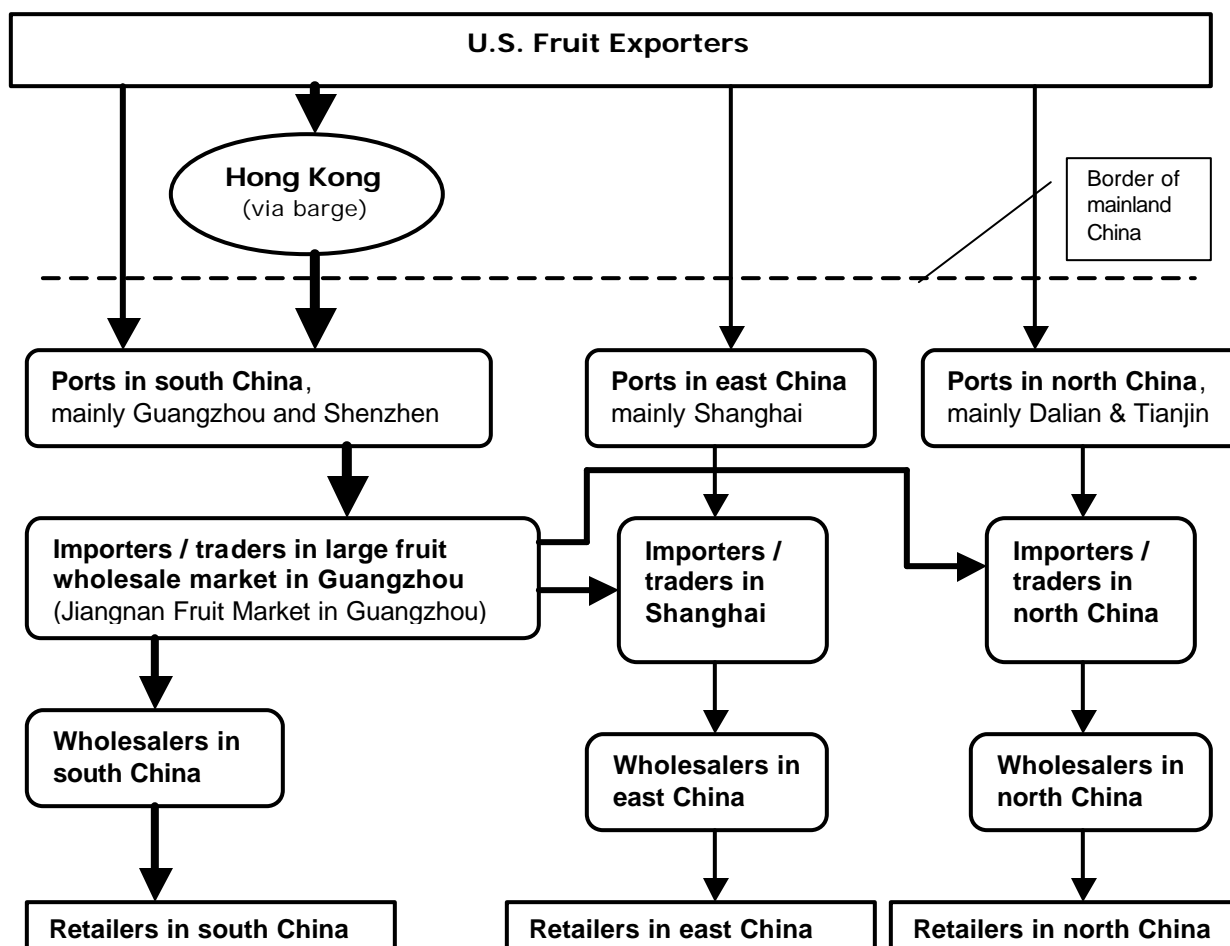
(January – December, in million USD)

Rank	District	2004	2005	2006	% Share			% Change - 06/05 -
					2004	2005	2006	
0	-All Districts-	619.3	656.3	737.4	100.0	100.0	100.0	12.4
1	Guangzhou	137.2	161.9	199.9	22.2	24.7	27.1	23.4
2	Shanghai	59.5	64.3	89.6	9.6	9.8	12.2	39.3
3	Nanning	26.3	49.3	83.9	4.2	7.5	11.4	70.4
4	Shenzhen	181.1	158.6	78.2	29.2	24.2	10.6	-50.7
5	Dalian	50.2	74.5	76.6	8.1	11.4	10.4	2.8
6	Qingdao	36.7	40.3	45.0	5.9	6.1	6.1	11.7
7	Tianjin	18.7	21.7	29.1	3.0	3.3	4.0	34.5
8	Harbin	27.7	13.3	21.6	4.5	2.0	2.9	62.3
9	Ningbo	1.9	6.0	17.9	0.3	0.9	2.4	197.5
10	Kunming	6.9	12.6	16.3	1.1	1.9	2.2	29.1
11	Shantou	0.8	1.0	11.5	0.1	0.2	1.6	1,063.7
12	Hohhot	6.9	0.5	9.1	1.1	0.1	1.2	1,739.0
13	Haikou	4.1	4.5	8.6	0.7	0.7	1.2	93.9
14	Nanjing	8.8	10.8	6.7	1.4	1.6	0.9	-37.4
15	Huangpu	9.0	7.6	6.1	1.5	1.2	0.8	-19.2
16	Gongbei	5.2	8.4	5.9	0.8	1.3	0.8	-29.5
17	Changchun	2.8	4.9	5.5	0.5	0.8	0.8	13.6
18	Shijiazhuang	21.8	3.1	5.4	3.5	0.5	0.7	76.2
19	Urumqi	1.3	0.8	4.7	0.2	0.1	0.6	525.4
20	Xiamen	0.2	0.8	3.6	0.0	0.1	0.5	327.7
21	Jiangmen	2.9	3.2	3.5	0.5	0.5	0.5	8.7
22	Beijing	1.6	2.4	3.3	0.3	0.4	0.5	40.0
23	Manzhouli	5.6	2.3	1.5	0.9	0.4	0.2	-32.9
24	Fuzhou	0.5	1.0	1.3	0.1	0.2	0.2	21.5
25	Hefei	0.0	0.0	0.8	0.0	0.0	0.1	0.0
26	Xi'an	0.5	0.7	0.5	0.1	0.1	0.1	-22.9
27	Lanzhou	0.0	0.1	0.5	0.0	0.0	0.1	213.7
28	Hangzhou	0.9	1.7	0.4	0.2	0.3	0.1	-76.0
29	Changsha	0.0	0.0	0.1	0.0	0.0	0.0	0.0
30	Zhanjiang	0.0	0.0	0.1	0.0	0.0	0.0	0.0
31	Wuhan	0.0	0.1	0.0	0.0	0.0	0.0	-98.4
32	Chengdu	0.0	0.0	0.0	0.0	0.0	0.0	-85.6
33	Chongqing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34	Lhasa	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
35	Yinchuan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36	No district detail	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37	Nanchang	0.0	0.0	0.0	0.0	0.0	0.0	0.0
38	Zhengzhou	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
39	Taiyuan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Shenyang	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source of data: China Customs

Appendix 6. Flow of U.S. Fruit Export to China

Source: ATO Guangzhou's research



Appendix 7. Average Fruit Wholesale Prices in China

Period: January - June, 2005

Fruit	Apple-Fuji	Apple-Guoguang	Citrus-Miju	Citrus-Guanggan	Ya Pear	Banana	Pineapple
Price (RMB / Kg)	? 2.36	? 1.41	? 2.78	? 1.89	? 1.53	? 2.79	? 2.06
Price in USD	\$0.30	\$0.18	\$0.35	\$0.24	\$0.19	\$0.35	\$0.26

Source of data: Ministry of Agriculture, China

Appendix 8. Referential Fruit Retail Prices

Fruit	Origin	Retail Prices	
		RMB / Kg	USD* / Kg
Table grape - Red Globe	China	18 - 22	2.35 - 2.88
	USA	28 - 39	3.66 - 5.10
	Chile	24 - 36	3.14 - 4.71
Apples	China (Fuji)	12 - 16	1.57 - 2.09
	USA	16 - 32	2.09 - 4.18
	New Zealand	16 - 30	2.09 - 3.92
	Chile	14 - 30	1.83 - 3.92
Orange	China	8 - 10	1.05 - 1.31
	USA	20 - 30	2.61 - 3.92
	S. Africa	14 - 25	1.83 - 3.27

*equivalent prices in USD, based on exchange rate 1 USD = RMB 7.65

Data source: observation of retail prices in Guangzhou, Shenzhen & Dongguan

Appendix 9. China Import Tariff on Fresh Fruit (as of CY 2007)

HS Code	Fruit	Tariff (%)			
		M. F. N. (applicable to US)	ASEAN* Countries	Chile	General
080510	Oranges	11	0 - 8 ¹	8.8	100
080540	Grapefruits	12	0 - 8 ²	9.6	100
080550	Lemons and limes	11	0 - 8 ³	8.8	100
080610	Grapes	13	0	10.4	80
080810	Apples	10	0	8	100
080910	Apricot	25	0 - 12 ⁴	20	70
080920	Cherries	10	0 - 8 ⁵	6	70
080930	Peach, including nectarines	10	0 - 8 ⁶	6	70
080940	Plums and sloes	10	0 - 8 ⁷	6	70
081010	Strawberries	18.4	0 - 12 ⁸	14.7	80
081020	Raspberries, blackberries, mulberries and loganberries	25	0 - 12 ⁹	20	80
081040	Cranberries, bilberries	30	0	24	80
081050	Kiwi	20	0 - 12 ¹⁰	16	80
081060	Durian	20	0 - 12 ¹¹	12	80

¹ 8 for Philippines, 0 for other ASEAN countries;

² 8 for Vietnam, 0 for other ASEAN countries;

³ 8 for Philippines and Vietnam, 0 for other ASEAN countries

⁴ 12 for Philippines, 0 for other ASEAN countries;

⁵ 8 for Philippines, 0 for other ASEAN countries;

⁶ 8 for Philippines, 0 for other ASEAN countries;

⁷ 8 for Philippines, 0 for other ASEAN countries;

⁸ 12 for Philippines, 0 for other ASEAN countries;

⁹ 12 for Philippines, 0 for other ASEAN countries;

¹⁰ 12 for Philippines, 0 for other ASEAN countries;

¹¹ 12 for Philippines, 0 for other ASEAN countries;